

# Morocco: Increasing Productivity and Employment in High-Potential Sectors

## Compact Overview

In August 2007, the Government of Morocco and the Millennium Challenge Corporation signed a five-year, \$697.5 million compact to increase economic growth and reduce poverty. The Moroccan government collaborated with key stakeholders at the national and regional level to identify country-led priorities for MCC investments and country-specific constraints to economic growth. As a result, and in accordance with Morocco's national growth strategy, the Moroccan government developed a compact focused on increasing productivity and improving employment in high potential sectors. The compact successfully concluded in September 2013.

The compact's five projects were:

- ★ **Fruit Tree Productivity Project:** to stimulate growth in the agriculture sector and promote stability of agricultural production by helping to transition farming from grains to fruit tree cultivation.
- ★ **Small-Scale Fisheries Project:** to improve fish quality and preserve resources, update landing-site infrastructure and equipment and develop fishing industry value chain activities to encourage greater access to national and international markets.
- ★ **Artisan and Fez Medina Project:** to increase revenue from cultural and artisan activities and improve educational and professional qualifications of compact beneficiaries.
- ★ **Financial Services Project:** to improve micro-enterprise services and remove the most severe constraints to the development of the microfinance sector based on market principles.
- ★ **Enterprise Support Project:** to reduce high unemployment among young graduates and to encourage a more entrepreneurial culture.

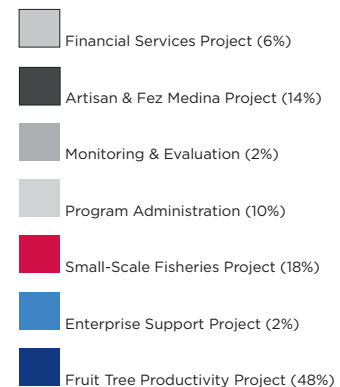
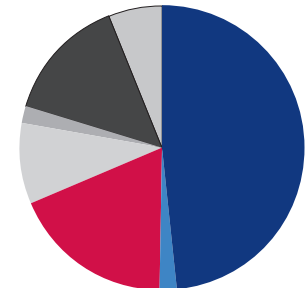
### Morocco Compact at a Glance

Signed ..... Aug. 31, 2007

Entry into Force.....Sep. 15, 2008

Compact End Date..Sep. 15, 2013

Compact Total .....\$697,500,000



## Summary of Expected Outcomes

The following are projected outcomes of the Morocco Compact's investments in these five projects:

- ★ Increased average agricultural revenue of approximately \$1,850 (from \$1,600) per farm engaged in the production of olives, almonds and figs in rehabilitated rain-fed areas.
- ★ Increased net annual revenue of approximately \$27,434 (from \$16,058) for boats accessing the new landing sites and revamped ports.
- ★ A projected 15 percent increase in the number of tourists visiting Fez, under the Artisan and Fez Medina Project.
- ★ Improved survival rate of new businesses from 76 percent to 81 percent.



A farmer and donkey ride through the village of Douirane, Morocco, where the irrigation of the MCC-funded Douirane Perimeter has brought increased productivity to farmers of barley, fava beans, olives, wheat, and almonds.

## Fruit Tree Productivity Project

The \$337.7 million Fruit Tree Productivity Project was designed to stimulate agricultural sector growth and reduce production volatility by rehabilitating existing olive and date trees and expanding production of olive, almond and fig trees; moving small farms from high water-use, lower-value cereal grains to low water-use, higher-value fruit trees in certain terraced areas; and supporting increased irrigation efficiency and productivity.

Over the next 20 years, estimated household income is projected to increase by \$224.4 million as a result of these activities.

Project Activity	Outputs	Expected Outcomes
Rain-fed Olive and Almond Tree Rehabilitation and Expansion	About 23,000 adult farmers, 7,600 young farmers and 114 olive/date processing firms trained; 60,703 hectares planted and delivered to farmers; water and soil conservation methods implemented on 31,719 hectares	Yield of 1.48 (MT/ha) for rehabilitated olive trees in rain-fed areas
Olive/Date Tree Irrigation and Intensification	Irrigation improved for 30,397 hectares of olive orchards and 19,393 hectares of date orchards; 91,040 in-vitro date seedlings successfully planted; 100 percent of irrigation contracts disbursed	Increased water use efficiency; increased olive and date crop yield and profit; average agricultural revenue per farm in oasis areas of \$11,831
Fruit Tree Sector Services	114 olive and date producers assisted; 23,134 farmers trained; nine pilot projects from women's organizations receiving support; 108 olive and date processors assisted	Strengthened olive and date value chains; seven new date packaging and cold storage units
Catalyst Fund	20 federations of olive producers' cooperatives submitted requests for grant funding and were approved through a public-private partnership with Morocco's Agricultural Bank; \$18.6 million disbursed under the Catalyst Fund	6,240 volumes of olives crushed by funded processing units



A farmer works in her cooperative's olive tree field in the village of Kouassem Oulad Addou, Morocco.



## Small-Scale Fisheries Project

The \$124.9 million Small-Scale Fisheries Project was designed to transform the small-scale fisheries sector by constructing landing sites, fishery facilities and wholesale markets; providing technical assistance; partially funding fresh-fish transportation equipment for mobile fish vendors; establishing marine protected areas; and increasing efforts to ensure sustainable use of fish resources.

Over the next 20 years, estimated household income is projected to increase by \$273.3 million as a result of these activities.

Project Activity	Outputs	Expected Outcomes
Development of Fishing Landing Sites and Port Facilities	22 fish landing sites and port facilities constructed and equipped; 15 sites currently operational; more than 21,500 artisan fishers received training certificates	Landing sites and ports operating to benefit 4,368 boats; 3 marine protected areas created
Development of Wholesale Fish Markets	Five new wholesale fish markets constructed; average price of fish at auction markets increased more than 18 percent	Increased per capita fish consumption in areas of new market construction from 12 to 14 kilograms per year
Support to Mobile Fish Vendors	697 mobile vendors completed training and received improved equipment	Increased net annual income of mobile fish vendors from \$3,062 to \$4,880



Workers weigh fresh fish ahead of auction at an MCC-funded improved fish landing site in Tifnit, Morocco.

## Artisan and Fez Medina Project

The \$95.5 million Artisan and Fez Medina Project was designed to stimulate growth by leveraging links between the craft sector, tourism and the Fez Medina's cultural, historic and architectural assets; strengthening the national system for literacy and vocational education to benefit artisans and the general population; and supporting the design and reconstruction of historic sites in the medina.

Over the next 20 years, estimated household income is projected to increase by \$65.3 million as a result of these activities.

Project Activity	Outputs	Expected Outcomes
Literacy and Vocational Education	69,731 received literacy training (67 percent female); 1,856 literacy trainers and supervisors trained; 23,693 received initial or continuing artisan training; 196 vocational training instructors trained in competency-based approach; 15 centers equipped with IT and technical equipment	Literacy curricula and certification program officially adopted by the Moroccan government; 83 percent literacy program completion rate; 38,646 certified in literacy skills (81 percent female); 2,675 artisans graduated from initial programs; dropout rate in initial artisan training programs decreased from 60 percent to 40 percent; nine school-based career guidance centers established
Artisan Production	Demonstration kilns delivered and 7 MCC-subsidized gas kilns bought by artisans; 2,332 potters trained in improved technique and safety	80 percent adoption rate of improved, sustainable artisan production practices; 30-40 MCC-subsidized gas kilns bought by artisans;
Fez Medina	22 individual workshops and a fondouk housing 79 artisan sub-contractors constructed for metal workers resettled from Place Lalla Yeddouna (PLY); construction of four fondouks in the ancient medina is being finished by the Government of Morocco and are nearly complete; design and site clearance complete for PLY, expected to be completed post-compact in 2014	Increase annual tourism revenue by about \$17.5 million in 20 years
Artisan Promotion	11 tourist circuits improved or created; 48 small and medium enterprises (SMEs) participating in promotional events	Quality label for Moroccan handicrafts created and 30 SMEs appended the label on their products; 130 SMEs participating in promotion events; newly renovated tourist circuits created; increased promotional support provided to artisans and SMEs



Artisans make handicrafts in a workshop in the Marrakech Medina. MCC has funded the training of artisans and crafts workers operating in Marrakech and other tourist hubs throughout Morocco.

## Financial Services Project

The \$42.6 million Financial Services Project was designed to address key constraints to the development of a broader, deeper, market-based financial sector. The project increased financial services for microenterprises by investing in the Jaida Microfinance Investment Fund's subordinated debt; analyzing regulatory and operational requirements for microcredit associations to change legal structure and supporting improvements to financial sector efficiency; and transparency.

Over the next 20 years, estimated household income is projected to increase by \$29.6 million as a result of these activities.

Project Activity	Outputs	Expected Outcomes
Access to Microfinance Funds	\$30 million dispersed in loans to Jaida; \$97.6 million in loan agreements between microcredit associations and Jaida	Microcredit associations expand lending to very small enterprises
New Financial Product Development	12 microcredit associations received grants from the Transformation Fund	Microcredit associations strengthened and better prepared for legal transformation and/or operating in new competitive environment
Operating Efficiency & Transparency	150 mobile branches acquired; \$3.5 million in loans granted through mobile branches; 4,393 clients reached through mobile branches; eight financial ratings carried out;	55,000 clients reached through mobile branches; eight financial ratings carried out; 100 percent of microcredit associations report to the credit bureau

## Enterprise Support Project

The Enterprise Support Project built upon two existing Government of Morocco programs to support new enterprises and aimed to reduce high unemployment among young university graduates and encourage a more entrepreneurial culture.

The \$15.1 million project provided business-skills training and post-creation technical assistance to new entrepreneurs in these programs.

Project Activity	Outputs to Date	Expected Outcomes
Pilot Phase: Enterprise Support Training Activity	8,404 days of individual coaching; 661 beneficiaries trained	30 percent reduction in SME failure one year after the completion of the SME support

## Principles Into Practice: Policy Reform

MCC investments seek to address barriers to growth and sustain increased income for beneficiaries long after compact programs end. To achieve this goal, the compact must be implemented within a broader development strategy. During the compact development process, MCC and the Moroccan government partnered to examine conditions surrounding the proposed compact investments and to develop a plan for policy reform that would maximize the compact's impact and sustainability. The Moroccan government made crucial policy changes and supported the conditions necessary for continued growth and investment.

Key policy reforms include:

### Fruit Tree Productivity Project

- ★ The Government of Morocco will continue to support a water-saving program, mainly in the irrigation sector, and the wastewater treatment program in collaboration with the Ministry of Interior.

### Small-Scale Fisheries Project

- ★ Morocco's National Fisheries Office, in consultation with representatives of mobile fish vendors, developed mobile fish vendor business codes, stipulating the use of wholesale markets as well as the adoption of quality standards. This reform professionalized mobile fish sales, ensuring that vendors are properly trained in quality assurance and operations and that the quality of fish is preserved throughout the value chain.
- ★ In 2011, Morocco's parliament passed a law regulating wholesale fish marketing by wholesale fish buyers and sellers. This followed extensive consultations between Morocco's National Fisheries Office, users of existing wholesale fish markets and relevant local authorities.

### Artisan And Fez Medina Project

- ★ Millennium Challenge Account-Morocco (MCA-Morocco), the local organization implementing the compact, signed an agreement with the Ministry of National Education and its subsidiary departments engaged in the Functional Literacy and Vocational Education Activity to develop a national literacy certification system. The literacy certification system will facilitate mobility between the non-formal/literacy training system and the formal vocational training as provided by the artisan, fisheries and agriculture sectors. In the long term, this should improve job mobility for individuals seeking further training in their field. The literacy certification opportunity generated interest in the MCC-funded functional literacy program.
- ★ MCA-Morocco signed an agreement with the Artisan Ministry to set aside almost \$4.8 million over a three-year period to ensure further development and sustainability of the national labeling strategy. An agreement was also signed with the ministry to continue promoting newly created and/or rehabilitated tourist circuits and the maintenance of the structures.
- ★ The compact implemented an unprecedented program of support to artisans who needed to be resettled to free the sites in the Fez Medina for the project or whose livelihoods were affected by the project.

The resettlement program included thorough outreach and consultation among all affected parties. The Government of Morocco has indicated that it will follow this model in future projects.

- ★ Some of the resettled artisans from Place Lalla Yeddouna were moved into a new foundouk at Ain Nokbi (a light industrial area outside the medina). Contrary to past practices, the resettled artisans were provided with ownership of their spaces in the new foundouk as opposed to being renters as is usually done in such cases. This innovation provides artisans with real assets and the power to manage their assets themselves.

## Financial Services Project

- ★ The Government of Morocco, through the Ministry of Finance and the Central Bank and as part of the compact's Financial Services Project, has taken the necessary actions to allow microfinance associations to undergo transformation into other types of legal structures, such as corporations. This reform follows the results of a study analyzing the legal and operational requirements for such a transformation. Previously in Morocco, only nonprofit institutions were permitted to provide microloans, and these organizations were not allowed to provide other financial services, such as savings products. The study undertaken through the compact identified better legal structures for microfinance institutions, the services they can offer as well as the ownership structure of the organizations. The transformation of these associations will allow the new institutions to obtain financing, such as raising private capital and taking deposits, and to provide more diverse financial services to compact beneficiaries.

## Insight Into Implementation

During the implementation process, MCA-Morocco and MCC compiled key lessons regarding best practices for compact implementation.

## Lessons learned

- ★ **Form and function of compact management arrangements:** The Morocco Compact was comprised of an ambitious and multifaceted program, involving numerous implementing entities involved in several sectors in the economy. In this context, MCA-Morocco became a major organization with numerous project and administrative departments. The scope and breadth of activities at MCA-Morocco sometimes led to communication challenges with some of the implementing entities. This in turn led to a lack of clear communication with contractors. As a lesson, the larger and more diverse the compact, the greater the risk of “bureaucratizing” the program. Also, given MCC’s model of establishing the accountable entities within a fixed timeframe and budget, future compact development teams might need to focus the compact on fewer objectives and build more functional organizations with cleaner lines of authority and fewer layers of management.
- ★ **Need for an integrated program logic:** The Artisan and Fez Medina Project was comprised of three principle parts focused on increasing the productivity of the artisan sector in Morocco. The Small-Scale Fisheries and Fruit Tree projects had a similar goal of improving productivity through specific interventions in these sectors. The Functional Literacy and Vocational Training Activity, though placed within the Artisan and Fez Medina Project after a re-scoping, was intended to overcome basic human resource development constraints but was a separate initiative from other MCA-Morocco programs. The opportunity for MCA-Morocco programs to coordinate on beneficiary and geographic targeting in



a manner that might enhance productive opportunities for both men and women in specific sectors or in certain regions was not fully optimized due to time and resources constraints. The compact pursued private sector and civil society partnerships, but these efforts unfortunately were not coordinated across the programs. Multiple programs worked with the same ministry partner, yet messages were sometimes inconsistent. Developing a coherent message about results, particularly as it pertains to impacting the targeted economic sectors, is challenging. A lesson is to consider a multi-disciplinary approach to problem definition, which could yield a strong and integrated program logic, and enable MCC to consider effects of investing in specific constraints whether the focus is particular growth sectors, regions or a specific development problem. Furthermore, it could force more creative intervention strategies and partnerships within compacts.

- ★ **Timing engagement and coordinating engagement on sustainability:** Partner country planning for post-compact sustainability is an essential criterion for MCC investments, and its importance must be clearly stated in the compact itself and key subsequent documents. Because of the timeframe of compacts, it is understandably difficult to obtain full engagement by partner country officials at the outset of a project. Yet as seen specifically in the case of the Fruit Tree Productivity Project and the Small-Scale Fisheries Projects, a lesson was the importance of messaging the critical role of sustainability early in the implementation process. Sustainability, especially for projects that result in strengthened human capital, remains a challenge. MCC should engage actively with institutions to help them take over and become stewards of compact investments in the long-run as early in the process as possible, so that the transition is as seamless as possible. Lessons from the Morocco Compact include the importance of more forceful messaging and/or leveraging by MCA-Morocco in collaboration with MCC to the entity responsible for ensuring post-compact sustainability of MCC investments, as well as the need for sustainability to be fully reflected in that entity's budget for the year that the compact ends.

## Reallocation, Rescoping and Restructuring

- ★ In fall 2010, the Government of Morocco requested a modification of the Fruit Tree Productivity Project and the number of hectares impacted under each activity was changed. The major changes in scope occurred in the Project's Rain-fed Olive, Almond and Fig Tree Intensification and Expansion Activity. Rain-fed expansion areas were reduced from 120,000 to 62,149 hectares. However, the Olive Tree Irrigation and Intensification Activity will have an impact on a much larger area (34,100 hectares instead of 25,600 hectares) than originally anticipated in the compact, as will the Date Tree Irrigation and Intensification Activity (19,400 hectares instead of 16,000 hectares).
- ★ In spring 2010, the Government of Morocco requested a modification of the Artisan and Fez Medina Project, based on its desire to remove the Makina site from the project. In July 2011, MCC approved the reallocation of \$21.2 million from the Artisan and Fez Medina Project to the Fruit Tree Productivity Project for creation of a new project activity. The activity, called the Catalyst Fund, aims to stimulate private sector investment in the olive oil value chain.
- ★ In July 2009, the Function Literacy and Vocational Training Activity was rescoped to \$32.8 million during implementation, in accordance with an agreement made before entry into force. This rescoping included the identification of a new implementing entity, who could better meet the needs of the beneficiaries associated with the Small-Scale Fisheries Project and the Fruit Tree Productivity Project, as literacy was integrated across the compact.

While not official rescopings, the Morocco Compact underwent a few key restructurings:

- ★ The Small-Scale Fisheries Project was restricted to support 11 improved landing sites instead of 20. It also was modified to support 10 ports rather than 13, as well as five wholesale markets rather than six. Cost was the principal driver of this restructuring. The sixth wholesale fish market was canceled because of time constraints.
- ★ The Enterprise Support Project was designed to be carried out in two phases, with continuation of the second phase subject to positive results from an impact evaluation of the first (pilot) phase. The pilot phase was completed in March 2012; from April 2012 to May 2012, impacts were assessed and the economic rate of return revised based on available information. Although the pilot phase met its implementation targets and showed promising trends in the impact evaluation, the data was not found to be statistically significant, and a revised ERR did not justify scaling up the project in a second phase. A letter to MCA-Morocco was sent on May 30, 2012, officially closing the Enterprise Support Project and signal that MCC would be willing to consider proposals for reallocating the remaining funding (approximately \$11 million).
- ★ MCC decided to cancel a \$4.5 million sub-activity in the Financial Services Project designed to establish a priority sectors database. Funds were reallocated within the project, which enabled MCC to increase the Jaida Microfinance Investment Fund loan from \$25 million to \$30 million.
- ★ After a rigorous technical assessment of progress and remaining challenges at Place Lalla Yeddouna (PLY), MCC determined that there was a significant completion risk. MCC began negotiations with the Government of Morocco to establish a reimbursement mechanism that would transfer the financial risk of continuing work on PLY to the government. In April 2012, MCC and the government formally agreed to this new arrangement, stating that works packages completed to MCC's procurement, environmental and technical standards within the term of the compact would be reimbursed by MCC. MCC financed all technical, environmental and other designs as well as resettlement costs.

## Coordination in the Development Community

Close coordination with other U.S. Government agencies, the private sector and international donors and development agencies is critical to the success of MCC compacts. Coordination saves time and money by avoiding costly duplication and unsuccessful approaches and by building on ongoing efforts. It also minimizes transaction costs for partner countries and leverages MCC investments by enabling co-funding, complementary programs and use of joint structures.

## Coordinating with the Private Sector

- ★ **Fruit Tree Productivity Project:** MCC started a pilot agribusiness initiative in Morocco in 2010 to link MCC's Fruit Tree Productivity Project investments to the private sector. MCC staff and their Moroccan counterparts subsequently developed business opportunity memorandums to select Moroccan products, including olive oil and dates. Additionally, MCA-Morocco staff participated in international agriculture expos to better understand global market requirements and opportunities. MCA-Morocco also hired a marketing investment promotion expert to oversee marketing activities in two of the project's major contracts and hired key staff for implementation of the Catalyst Fund, which seeks to stimulate private sector investment in agriculture.
- ★ **Artisan and Fez Medina Project:** The Government of Morocco and local authorities committed to implementing a system of private management of the project sites after the end of the compact. Most of the sites will be allocated to private business owners.
- ★ **Financial Services Project:** The project was unique in the Morocco Compact in that it had no formal implementing entity; the MCA-Morocco Financial Services team worked directly with microcredit associations to implement the activities. The Ministry of Economy and Finance, the Central Bank and the Jaida Microfinance Investment Fund (a private entity with significant government ownership) all had significant coordination or support roles in project implementation. The fact that many of the project's activities required the microcredit associations to co-finance the activities at levels up to 30 percent of the total cost ensured the entities' commitment to these activities. The microcredit associations expressed appreciation at being allowed to design their own project proposals and learned improved project management by conducting their own procurements (according to MCA-Morocco and MCC guidelines) and simultaneously overseeing multiple compact-funded grant projects.

## Coordinating with International Donors and Development Agencies

MCC is committed to working with other donors and international institutions to leverage resources and expertise in alleviating global poverty and creating opportunities for long-term growth.

- ★ **The World Bank** is currently planning a \$4.9 million grant with three components: strengthening the institutional, legal, regulatory, tax, and governance framework for microfinance; strengthening the market infrastructure, product innovation and funding sources for microfinance; and integrating microfinance into a national financial inclusion strategy. This grant would constitute an important follow-up to the Financial Services Project, especially the New Financial Products (Transformation) Activity. Due to the microfinance sector crisis and subsequent delays in passing the new banking law,

the microcredit associations were not able to complete this process before the end of the compact. This proposed grant from the World Bank will help ensure a smooth transition as regulators begin to implement the new law and microcredit associations launch their transformation into new legal structures.

- ★ In developing the Fruit Tree Productivity Project, MCC held numerous meetings with donors funding similar and complementary projects, including the European Union and the development agencies of France and Germany. In addition, MCC had a number of informal discussions with Belgian Technical Cooperation that resulted in that organization making a commitment to support the date value chain, including post-compact assistance to the project's beneficiaries.
- ★ In its functional literacy programs, MCC coordinated with the European Union to ensure current EU-funded technical assistance continues the process of expanding mobility into the formal education system for those with literacy certification. A partnership with UNESCO as a resource for design of the literacy curriculum and certification fed into and drew from regional efforts to promote literacy skill development and application in economic sectors. This helped raise the program's visibility among Middle Eastern and North African countries and contributed to its institutionalization by the Government of Morocco.

## Sustainability of Impacts

In order to ensure that Moroccans benefit from MCC investments in the long run, each compact is equipped with measures to ensure sustainability. MCC and MCA-Morocco worked together to assess and mitigate compact-specific obstacles to environmental, social and institutional sustainability.

## Social and Environmental Sustainability

MCA-Morocco contractors adopted and followed MCC's rigorous environmental and social sustainability requirements, such as assessing health and safety risks and encouraging health and safety best practices during construction projects. Feedback from contractors indicates that the standards have increased business efficiency and increased employee pride due to more rigorous health and safety requirements for workers. Feedback also suggests that contractors are applying these practices and approaches to non-compact-funded work to gain a competitive edge over other bidders. A health and safety workshop featuring African MCAs was held in Morocco in September 2012 and increased the awareness, skill set and suite of management tools for participants.

Public participation has been an important aspect of the environmental and social assessment work for the three largest projects (Small-Scale Fisheries, Fruit Tree Productivity and Artisan and Fez Medina projects). The public participation work has in many ways set a precedent for public consultation in Morocco and has encouraged other donor organizations and the Moroccan government to adjust their approach—and requirements—to better integrate public consultation into the implementation of their projects. Public consultation and participation activities for the Fruit Tree and Small-Scale Fisheries projects were primarily conducted in rural areas, whereas the project in Fez carried out public consultation and participation activities in an urban environment that poses a number of unique and complex challenges related to the relocation of artisans from the old medina to a newly constructed industrial zone. Gender was an integral part of the Morocco Compact, and MCA-Morocco and MCC worked to understand the roles, risks and opportunities for women in the main project sectors and to find innovative methods for improving women's incomes through compact activities. The Fruit Tree Productivity Project contained a gender pilot project component to promote the involvement of women's associations and businesses in the fruit



tree value chain. The Small-Scale Fisheries project instituted a similar process for supporting pilot projects to increase income for women whose livelihoods depend on the fishing sector. At least 60 percent of the participants in the functional literacy and numeracy programs offered in the artisan, agriculture and fisheries sector are women.

## Institutional Sustainability

Throughout the compact, the Moroccan government demonstrated a commitment to institutional reform to support sustainability. Each of the five compact projects was accompanied by complementary policy reforms designed to maximize and institutionalize impact.

- ★ In 2008, the Ministry of Agriculture and Maritime Fishing launched the Green Morocco Plan, an ambitious long-term strategy for agricultural development. The Green Morocco Plan aims to ensure that the agricultural sector remains a key driver of socioeconomic growth and a significant tool for combating poverty in rural areas. The major goals of the Green Morocco Plan are to double domestic agricultural production over 10 years, create 1.5 million job opportunities and increase the competitiveness of Moroccan goods in global markets by modernizing and bolstering production, improving quality and promoting collaboration along the supply chain. Senior Ministry officials often cited the Fruit Tree Productivity Project as an example of what they hoped the Green Morocco Plan's smallholder-focused initiative would accomplish.
- ★ The Small-Scale Fisheries Project had the advantage of having "built-in" sustainability of its construction activities. The National Fisheries Office, one of the project's two implementers, has a mandate to operate the five wholesale fish markets constructed under the project, as well as the auction halls at the improved landing sites. In addition, because it has a mandate to increase the consumption of fish in Morocco, the National Fisheries Office will continue to work closely with the mobile vendors trained and equipped under the project.
- ★ The Functional Literacy Activity: The former Department of Literacy, along with the Agriculture and Fisheries Ministry and the Artisans Ministry, have adopted the compact-funded functional literacy curriculum and certification system. A UNESCO study on integrating literacy certification within the country's formal qualifications framework was conducted to inform the Government of Morocco's efforts to solidify its qualification framework.
- ★ The Vocational Training sub-activity: The Artisan Ministry entered into a partnership agreement with artisan vocational training centers to implement critical school governance reforms established through the project, including school-level strategic plans, results-based management tools, expansion of the career guidance center model to additional vocational training centers, and provision of continuing artisan education by the vocational training centers. The Artisan Ministry dedicated \$500,000 in funding to expand the artisan continuing education program in cooperation with vocational training centers and Artisan Chamber of Commerce.
- ★ Fez Medina: ADER-Fez, the owner of the Fez Medina sites, has begun to put in place an organizational structure that will include an orientation committee comprising affected government and private stakeholders to assure that the original objectives of the project are sustained and that revenues generated from the sites remain dedicated to achieving these objectives. The sites will be operated by a private site manager who will collect rents and other revenues from occupants to assure future maintenance and financial sustainability of the sites.

- ★ The Financial Services Project: Activities such as the Transformation/Technical Assistance Activity, Technology Innovation Activity and MIS/Credit Bureau Reporting Preparation Activity were all designed to reinforce Moroccan microcredit associations' institutional capacity and ensure that they remain financially sustainable in the future.

## MCC Core Principles

MCC's mandate is to reduce poverty through economic growth by partnering with countries committed to economic freedom and investment in their citizens. As a result, the Morocco Compact was developed, implemented and evaluated with attention to MCC core principles of good governance, country ownership, transparency, and a focus on results.

### Good Governance

Good governance is a critical component of promoting economic growth. Policies that respect the rule of law, protect civil liberties and fight corruption help lay the foundation for a society to thrive. Morocco's commitment to good governance, civil liberties, control of corruption, and other critical factors was essential for compact success. During the compact development process, MCA-Morocco and MCC looked closely at the policy and institutional environment to assess areas that might limit investment impact and sustainability and planned appropriate policy and institutional reforms. Moroccan microcredit associations strengthened their good governance practices through the Financial Services Project, as the associations were required to apply MCC's principles of competition and transparency when procuring consulting services co-financed by MCC grant funds.

### Country Ownership

Development investments are more effective and sustainable when they reflect countries' own priorities and strengthen governments' accountability to their citizens.

After a rigorous technical assessment of progress and remaining challenges at Place Lalla Yeddouna (PLY), MCC determined that there was a significant completion risk. The Government of Morocco committed to fund remaining works post-compact and support the management of the sites so that the project's vision is realized. By the end of the compact, MCC had financed all technical and environmental studies and architectural designs as well as an unprecedented and complicated resettlement process. The success of the resettlement process allowed the Government of Morocco to pursue the Place Lalla Yeddouna project, which had been opposed by residents for nearly 25 years, in order to revitalize this part of the Fez Medina. The Government of Morocco will also fund any additional resettlement compensation needed post-compact in accordance with MCC's resettlement policies and approved resettlement action plans. This is a demonstration of Morocco's commitment to this project.

The Moroccan government, in close consultation with citizens and civil society, took the lead in setting priorities and committing resources for completing and implementing compact projects. In the face of higher-than-anticipated costs, the government contributed more than \$34 million to ensure success of the Fruit Tree Productivity Project and is completing unfinished works for the Place Lalla Yeddouna and the

four foundouks in the Fez Medina estimated at about \$20 million. In relation to the Small-Scale Fisheries Project, the government also will contribute approximately \$7.9 million for improved landing sites and port facilities, including any incurred resettlement costs and in-kind contributions for design and evaluation of boat ice chests and fiberglass boats; \$4.5 million for wholesale market construction; and \$10.4 million for project management.

Moroccan microcredit associations demonstrated ownership by co-financing up to 30 percent of the total cost of grant-funded activities and developing their own specific grant project proposals.

## Transparency

MCC operates at the forefront of transparency for effective aid delivery. Transparency is important because it empowers citizens to hold their government and donors accountable for how development resources are used and what results they achieve. MCA-Morocco was consistent in pursuing the objectives agreed upon in the compact and was a responsive, transparent partner.

- ★ **Fez Medina International Competition:** The compact sponsored an international architectural design competition to select a design and architectural team for the design of Place Lalla Yedounna. Approximately 175 teams competed in the competition, representing 90 countries. The transparent competition process provided a consultative mechanism for project stakeholders—including ministries, local authorities and citizens—to provide input and to influence the project design.
- ★ **Small-Scale Fisheries Project:** The auction halls at the improved landing sites and the wholesale markets are “open outcry” operations, which is a transparent method of pricing. These operations are computerized, so prices are displayed in real time.

## Focus on Results

MCC is committed to achieving results in practice, not just in principle. Across its entire investment portfolio, MCC’s results are collected, measured and reported throughout the lifecycle of a compact and in the post-compact period. Monitoring and evaluation (M&E) starts at compact development, with the creation of a formal M&E plan and an indicator-tracking table that provides cumulative program data. Data collection and analysis continues during compact implementation, and independent post-compact performance and impact evaluations are carried out to measure long-term effects of MCC investments. The Moroccan government remains committed to maintaining a focus on results and sustaining compact achievements through improved infrastructure, workforce capacity and policy reform.

## Monitoring Activities

As with all MCC compacts, monitoring of the Morocco Compact was carried out using objective and reliable data to assess four elements of the compact: impact on direct beneficiaries’ income, achievement of objectives, intermediate and projected compact outcomes, and timely delivery of compact-related goods and services. Data quality reviews were conducted intermittently by independent third parties to verify data consistency and quality.

## Performance Evaluation Activities

The Morocco Compact was assessed through ongoing evaluations and selected project activities will undergo final independent performance evaluations to address questions pertinent to program design, management and operational decisions such as what the project achieved, how it was implemented and how it was perceived and valued. The nine performance evaluations planned for the Morocco Compact are listed below.

Planned Performance Evaluations	
Project (Activity)	Expected Dissemination of Performance Evaluation Results
Fruit Tree Productivity Project	May 2014
Small-Scale Fisheries Project	May 2014
Artisans and Fez Medina Project	May 2014
Financial Services Project	May 2014
Small-Scale Fisheries Project (Fish Landing Sites and Port Facilities Activity; Wholesale Fish Markets Activity)	2015
Fruit Tree Productivity Project (Olive and Date Tree Irrigation and Rehabilitation Activities)	2016
Small-Scale Fisheries Project (Protected Marine Areas Sub-Activity)	2016
Artisan and Fez Medina Project (Functional Literacy and Vocational Training Activity)	2016
Artisan and Fez Medina Project (Fez Medina Activity; Artisan Promotion Activity)	2017

## Impact Evaluation Activities

MCC funds independent impact evaluations to answer the fundamental question: Was the MCC compact investment successful in raising income levels for Moroccan program beneficiaries in a cost-effective way? These evaluations are delivered upon program completion and generally take at least one year to execute. While M&E plans help identify results during implementation and signal whether programs are on track to meet their goals, only impact evaluation results can attribute measured outcomes to MCC investments. The two impact evaluations planned for the Morocco compact are listed below.

Planned Impact Evaluations	
Project (Activity)	Expected Dissemination of Impact Evaluation Results
Fruit Tree Productivity Project (Rehabilitation of rain-fed olive orchards)	August 2015 <sup>1</sup>
Enterprise Support Project	May 2014

<sup>1</sup> Interim results will be available in May 2014.



## Success Story: **Abdelaziz El Himer**

**A**bdelaziz El Himer, a married father of two, joined the Oujda Mobile Fish Vendor Association in September 2009 and participated in MCC-funded training. The certification he received as a result marked a turning point in his life. Prior to that, the informal nature of his job meant that his income was very unstable and he was not always able to meet his family's needs.

Now that program-trained vendors like Abdelaziz are certified to sell fish and have obtained permits to drive motorbikes, they can adhere to business and hygiene standards, pay taxes and enter the formal economy. Not only will participation in the economy diminish vendors' risks, but improved knowledge of industry best practices, coupled with access to refrigerated transport for their products, will help them obtain higher market prices and a more stable client base, increasing their incomes over time. In turn, consumers will receive a fresher, higher quality, more hygienic product.

The technical training and access to improved transport and storage for fish vendors is strengthening a vital link in Morocco's artisanal fishing supply chain.

*"Because of this project, and with the recognition of my work by Moroccan authorities, my children will no longer have any shame in saying that their father is a mobile fish vendor—especially when they see me come home at night, riding my motorbike, dressed in my uniform, and able to satisfy their daily needs."*

*Abdelaziz El Himer*

